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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION  
Washington 25, D. C.

TELEPHONE PROCEDURE  
MEMORANDUM NO. 10

January 31, 1952

To : All Applications and Loans  
Division Personnel  
From : Richard A. Dell, Chief  
Applications and Loans Division  
Subject: ~~Form~~ AL-T-19, Valuation of Borrower's Property  
Requiring Insurance Coverage

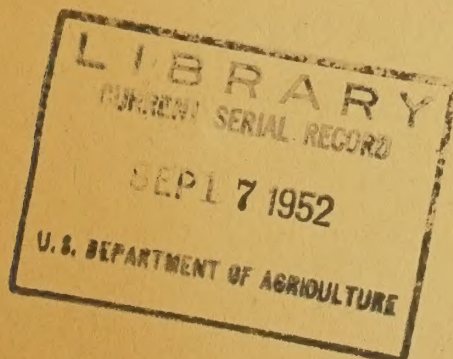
Form AL-T-19, Valuation of Borrower's Property Requiring Insurance Coverage, is to be prepared by Applications and Loans Division representatives when the field study is made to obtain data for the allocation docket. This information should be forwarded to your section office for transmittal to the Insurance Section, Management Division. This information will be used by the Insurance Section to determine the adequacy of the borrower's insurance coverage prior to the release of loan funds.

The form should include a listing and valuation of all existing insurable property and all insurable property to be acquired by the borrower. If the RCNLD or actual cash value is estimated it should be concurred in by the borrower. The description of motor vehicles should include the year, make and type. All other information should be as accurate as possible and should be concurred in by the borrower.

The attached sample form of AL-T-19 may be of use to you as a guide in preparing the form. For further explanation see Administrative Bulletin T-37.

Attachment

*Richard A. Dell*









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RURAL ELECTRIFICATION ADMINISTRATION,  
Washington 25, D. C.

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TELEPHONE PROCEDURE  
MEMORANDUM NO. 11

February 8, 1952

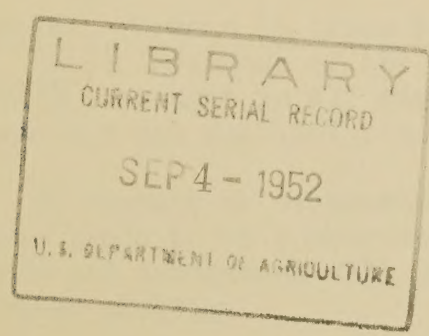
To : All Applications and Loans  
Division Personnel  
From : Richard A. Dell, Chief  
Subject: Applications and Loans Division //  
Telephone Procedure Relating to Approval of Titles,  
Franchises, Rights-of-Way and Permits

Attached is a memorandum dated December 29, 1951, from Mr. William C. Wise, Deputy Administrator, to which is attached a step by step procedure relating to approval of titles, franchises, rights-of-way and permits. This procedure outlines the responsibilities of the respective Divisions relating to these matters, particularly the close working relationship which must be maintained between Applications and Loans Division and the Office of Solicitor in obtaining rights-of-way and title clearance prior to approval for advance of funds.

Your attention is called particularly to the necessary follow-up action required by Applications and Loans Division personnel in obtaining the material required to process the AL-T-16 (Authorization for Release of Telephone Loan Funds).

Attachment

Richard A. Dell







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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION  
Washington 25, D. C.

December 29, 1951

To : Robert T. Beall  
K. Wilde Blackburn  
Richard A. Dell  
E. E. Karns  
J. K. O'Shaughnessy  
Leslie Surginer

From : Deputy Administrator

Subject: Telephone Procedure Relating to Approval of  
Titles, Franchises, Rights-of-Way and Permits

Attached is the "Telephone Procedure Relating to Approval of Titles, Franchises, Rights-of-Way and Permits". This procedure is a supplement to the Telephone Loan Procedure dated January 8, 1951, and confirms agreements reached in conferences with Mr. Haggard as set forth in memoranda of June 22 and July 12, 1951, from Mr. Blackburn. In further confirmation of the statements in these memoranda, the following guidelines are set forth for the guidance of the Office of the Solicitor and the Applications and Loans Division in relation to these documents:

Municipal Franchises: In cases where an REA borrower, in connection with operations contemplated under an REA loan, holds a franchise, permit or other authorization (or acquires such a franchise, etc., by valid assignment through an acquisition) from a municipality or other political subdivision from which a franchise, permit or other authorization is required by law, and such franchise has two years or more of remaining life as of the time the first advance of funds is approved under any particular REA loan to such borrower, contains no objectionable provisions which might adversely affect the feasibility or security for the loan, is legally valid, and has been regularly adopted, such franchise shall be considered satisfactory in relation to approving the release of loan and equity funds.

Highway Permits, Permits to Cross Federal, State or Indian Lands, Crossing Agreements, Etc.: Evidence of the obtaining of all necessary permits of this type will be sought in all cases both for facilities already owned by a borrower and new facilities to be constructed.

Easements: In respect of easements over privately owned land obtained for telephone lines to be constructed or rehabilitated with loan funds, the standards and procedures will be the same as are utilized in the electrification program.

Titles to Tracts of Real Property: In respect of titles to tracts of real property, already owned by a borrower or to be acquired by a borrower, the standards and procedures will be the same as are employed in the electrification program.

Attachment

/s/ Wm. C. Wise



Telephone Procedure Relating to Approval of Titles,  
Franchises, Rights-of-Way and Permits

The following procedure will be followed in reviewing and approving franchises, permits, easements and titles to tracts of real property to satisfy the loan contract provisions relating to advance of funds:

1. Letter from Office of the Solicitor: Following approval of the telephone allocation (or loan in cases where the allocation and loan steps are combined) the Office of the Solicitor prepares a letter to the borrower's counsel advising him of REA requirements relating to franchises, permits, easements, and titles, as well as other legal requirements relating to the loan. A copy of this letter is forwarded to the Applications and Loans Division and to the borrower.
2. Initial Applications and Loans Division Follow-up: One week following the sending of the first letter from the Office of the Solicitor, the Applications and Loans Division follows up with the borrower by telephone or field visit. The purpose of this initial follow-up is to ascertain whether the applicant has questions or problems concerning the Administrator's letter announcing the allocation or the first letter from the Office of the Solicitor. The Applications and Loans Division gives or obtains any assistance required.
3. Analysis of Information Received: Information and documents received by Applications and Loans or other Divisions relating to these matters are forwarded, either with the allocation or loan recommendation, or subsequently, to the Office of the Solicitor. The Office of the Solicitor analyzes the documents received from these Divisions or from the borrower as to legal sufficiency, regularity of adoption (where applicable) and interpretation of the legal effect of any unusual provisions. It informs the Applications and Loans Division by memorandum of the results of this analysis including information or documents not received from the applicant. If the Office of the Solicitor receives no information or material from the borrower in reply to its first letter within thirty days, a memorandum is sent to the Applications and Loans Division advising that Division of this fact.
4. Follow-up by Applications and Loans Division: The Applications and Loans Division initiates such follow-up action as is required to obtain such information and documents as it deems necessary, in relation to the memoranda from the Office of the Solicitor, to enable it



to recommend to the Administrator that telephone funds be released. This may include:

- (a) Full factual information as to the extent of franchises, permits, easements and title evidence required.
- (b) Copies of documents not submitted, and
- (c) Corrections of objectionable provisions or missing desirable provisions and evidences of legal validity and regularity of adoption where required.

Such follow-up action is coordinated with the Office of the Solicitor.

5. Recommendation to the Administrator: As soon as the Applications and Loans Division considers that the applicant has satisfied the loan requirements to such an extent that it can recommend approval of the release of loan funds, it prepares the Form AL-T-16, "Release of Telephone Funds". If all requirements are not completely satisfied, the Applications and Loans Division attaches a memorandum to the Form AL-T-16 describing the facts and setting forth the reasons for its recommendation that the extent to which the applicant has met the various requirements be accepted and the release of funds be approved.
6. Review by Office of the Solicitor: The Form AL-T-16 and any memorandum of the above nature from the Applications and Loans Division will be forwarded through the Office of the Solicitor for concurrence. If the Office of the Solicitor has comments concerning any of the requirements, it includes them in a memorandum to the Administrator which is attached to the Form AL-T-16 and forwarded to the Administrator.



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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL ELECTRIFICATION ADMINISTRATION  
Washington 25, D. C.

TELEPHONE PROCEDURE  
MEMORANDUM NO. 12\*

March 21, 1952

To All Applications and Loans  
Division Personnel  
From Richard A. Dell, Chief  
Applications and Loans Division  
Subject: Telephone Acquisitions

In order to assure uniformity and consistency in the handling of proposed telephone acquisitions we must give consideration to the manner in which information is assembled in the field on these proposals.

It is seldom that we receive all of the information we need to effectively process an acquisition proposal. We are frequently confronted with the opportunity to give guidance in project development involving acquisitions or to make decisions leading toward the final perfection of an application only to find fragmentary information available. This makes for less enlightened guidance and decisions, leaving much to be desired.

In the future we must require the use of the "Telephone Acquisition Check-List" dated May 17, 1950, by our field representatives when they assemble information or assist in the assembling of information on proposed acquisitions.

The Check-List should be considered suggestive of the type of information which should be assembled and reported by the field representative. Your best on-the-ground estimate, where possible, is preferred over a statement that the particular information desired is not available. Actually, a resourceful field representative who is inclined toward thorough reporting will go beyond a minimum statement of facts and include helpful explanations or comments when there seems to be a discrepancy or inconsistency in the facts assembled.

One example of fuller reporting on a particular item is reflected in a situation where the field representative not only submits copies of rate schedules in effect but proceeds to report the rate adjustments which have been made in the last three years and the effect such changes had on the number of subscribers served, scope of the adjustments and increase or decrease in revenue.

\* Page T-4 (Step No. 2, Field Assistance) of Procedure Manual (Form AL-T-13) should be marked "See also Telephone Procedure Memorandum No. 12."



## 2-All Applications and Loans Division Personnel

Obviously, the larger the proposed acquisition the greater the perspective of the field representative must be. A simple pencil sketch or estimate of pole line mileage in support of an item would suffice in one instance and be wholly inadequate in another. Detailed pole line route maps and trunking schematic as well as a breakdown of subscribers and revenue on an individual exchange basis are highly essential when the proposed acquisition is a multi-exchange property.

Your cooperation in the more effective reporting of telephone acquisitions is a program necessity and in the process we would appreciate any suggestions you may have for improvement.

Attachment

*Richard A. Dell*



UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration  
Washington 25, D. C.

TELEPHONE ACQUISITION CHECK-LIST

1. Exact name and address of owner. (Indicate whether corporation, partnership, or estate. If the owner is an individual or a partnership, name of the wife or wives should be given.) (Prepare LT-2 4/10/50 Legal Data With Respect to Telephone Property Proposed To Be Acquired by Applicant.)
2. Miles of line in existing system. (Detailed pole line route map of system for sale showing type and description of lines and, if available, circuit assignment diagrams showing present assignments on existing facilities. Location of present subscribers and potential subscribers along existing lines should be indicated.)
3. Breakdown of fixed capital by accounts for each separate exchange.
4. Physical condition each part of system. (Give age, type of poles, conductor description and size, etc. If telephone central office plant involved, give detailed information, number of lines equipped, lines terminated on main frame, power equipment, etc. If part of property, such as a central office, will be useless to the purchaser, estimate, if possible, the resale or salvage value of such equipment.)
5. Has an appraisal of the property been made recently? If so, what was the appraised value? On what basis was the appraisal made?
6. Approximate cost of rehabilitation or improvement. (Give brief description of work proposed.)
7. List of other property or equipment, such as real estate, materials and supplies, office, transportation, etc., included in proposed transaction.
8. Approximate purchase price of system.
9. Number of subscribers connected. (List by class of service and rate for each separate system.)
10. Annual revenue by subscriber classification corresponding to (9) above.
11. Average monthly net toll revenue per subscriber for preceding 12 month period.
12. Three copies of rate schedule and regulations governing, now in effect on system.
13. Annual Income and Operating Statements for past five years.
14. Balance sheet of seller as of a recent date. (Accompany balance sheet with a description of all outstanding indebtedness, whether secured or unsecured, etc.)
15. List of employees by position and salary or wages.
16. Quality of service rendered. (Kind of service, whether 24-hour service, magneto, dial, common battery, etc.)
17. Indicate borrower's existing or proposed lines in proximity of the proposed acquisition in red on map or sketch referred to in (2) above. (Also, how it is proposed to integrate acquired system with present or proposed borrower's system, with the estimated cost and description of such work.)
18. Where the proposed acquisition involves or includes an urban system or systems, supply information as to population, whether town or towns are incorporated, and detailed discussion of any franchises in effect.
19. Does the owner have any toll, service, maintenance, joint use or other contracts in effect? Submit two copies of each or, in lieu thereof, their main provisions.
20. What is the storm damage record of the property for sale?

(Over)



## 2-Telephone Acquisition Check-List-5-17-50

21. Some of the above questions can be readily answered by reference to the seller's operating report for a recent period or to a copy of the last annual report (if available) submitted by the seller to the state regulatory body having jurisdiction. Particular effort should be made by the borrower to obtain copies of such reports for submission along with the above information.

### Reasons for Telephone Acquisition

Equally important in the consideration of a proposed acquisition are the reasons why it should be made. REA does not finance mere acquisition transactions as such. Their financing is limited to instances where the acquisition is incidental to the main purpose which must be the improvement or extension of rural telephone service. The following information is suggestive, therefore, of the type information needed to substantiate the processing of an acquisition proposal. Not all of the items would necessarily apply in each case. On the other hand, a particular acquisition may be desirable in the furtherance of area telephone service for many other reasons not mentioned. A proposal should be prepared in such a manner as to present all of its worth while characteristics.

1. \_\_\_\_\_ subscribers presently receiving a poor quality of telephone service will receive improved service thru the acquisition, rehabilitation and/or improvement program proposed. The approximate cost of the acquisition will be \$\_\_\_\_\_. The approximate cost of rehabilitation and/or improvement will be \$\_\_\_\_\_.
2. \_\_\_\_\_ miles of new rural line, direct extensions to the system to be acquired, can be constructed to serve \_\_\_\_\_ subscribers at an over-all estimated cost of \$\_\_\_\_\_. To serve these same subscribers without the acquired lines would cost \$\_\_\_\_\_. (The latter statement assumes that it would be possible to procure the necessary right-of-way, duplication would permit of financial feasibility, etc.)
3. The proposed acquisition will render it feasible to construct \_\_\_\_\_ miles of new rural lines (not direct extensions) to serve approximately \_\_\_\_\_ subscribers at an over-all estimated cost of \$\_\_\_\_\_. (Note: Such lines may be located anywhere in the service area of the borrower in an effort to accomplish area telephone service.)
4. Certain system improvements to the borrower's system are contemplated in order to adequately serve existing and prospective subscribers. This work would cost \$\_\_\_\_\_ and consists of: (Describe briefly.)
5. In the event the acquisition is made, the cost of system improvements could be reduced to \$\_\_\_\_\_ by eliminating or making unnecessary the following work: (Describe briefly.)
6. Other reasons:

